

Message Text

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PAGE 01 LONDON 06008 181408Z

ACTION EB-08

INFO OCT-01 CIAE-00 COME-00 DODE-00 NSAE-00 ICA-11

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FM AMEMBASSY LONDON

TO SECSTATE WASHDC PRIORITY 5223

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EXCON

E.O. 11652: N/A

TAGS: ESTC, UK

SUBJECT: REQUEST FOR ASSISTANCE: ITEL INTERNATIONAL

1. EMBASSY HAS BEEN APPROACHED BY THE LEGAL COUNSEL OF ITEL INTERNATIONAL (EUROPE) CORPORATION, A SUBSIDIARY OF ITEL CORP., SAN FRANCISCO, CALIFORNIA, FOR GUIDANCE IN NEGOTIATING A SALE OF COMPUTER EQUIPMENT TO THE GOVERNMENT OF IRAN.

2. EQUIPMENT IN QUESTION IS 2 ADVANCED SYSTEM 5 PROCESSORS AND ASSOCIATED PERIPHERALS, MANUFACTURED BY NATIONAL SEMICONDUCTOR FOR THE ITEL CORP., WORTH APPROXIMATELY 7 MILLION DOLLARS, AND THE CUSTOMER IS THE MINISTRY OF HEALTH AND SOCIAL WELFARE IN TEHRAN.

3. THE E.D.S. WORLD CORP., OF DALLAS TEXAS IS OPERATING IN TEHRAN AS ADVISOR TO THE IRANIAN GOVERNMENT ON THE PURCHASE, INSTALLATION, OPERATION AND MANAGEMENT OF THE SYSTEM FOR THE MINISTRY OF HEALTH, AND ITEL'S NEGOTIATIONS HAVE BEEN PRINCIPALLY WITH E.D.S. PERSONNEL IN TEHRAN AT THE INSISTENCE OF THE CUSTOMER.

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PAGE 02 LONDON 06008 181408Z

4. IN ITS CONTRACT STIPULATIONS, THE IRANIANS WANT A CLAUSE STATING THAT THE GOVERNMENT CAN AT ANY TIME ASSIGN TITLE TO THE EQUIPMENT TO ANY OTHER IRANIAN GOVERNMENT ENTITY, AND ITEL TAKE THIS TO MEAN THAT THERE IS A CLEAR INTENTION TO TRANSFER THE EQUIPMENT AT SOME FUTURE DATE. ITEL WANT CLARIFICATION ON THE ADVISABILITY OF HAVING THIS CLAUSE IN THE CONTRACT, WHETHER IN

FACT IT IS WITHIN ITEL'S POWER TO MAKE SUCH A STATEMENT,
AND WHETHER IT WOULD PREJUDICE THE ISSUE OF FURTHER
EXPORT LICENSES TO ITEL IF THEY SIGNED SUCH A CONTRACT
AND THE IRANIANS SUBSEQUENTLY TRANSFERRED THE EQUIPMENT.
A PROHIBITION ON MAKING SUCH A STATEMENT WOULD ASSIST
ITEL IN ITS NEGOTIATIONS AS MUCH AS AUTHORIZATION
WOULD, AS THE GOVERNMENT OF IRAN WOULD ACCEPT IT AS A
DEFINITIVE RULING.

5. WE WOULD APPRECIATE A RAPID RESPONSE, AS ITEL'S
NEGOTIATIONS WITH THE IRANIANS ARE IN THE FINAL STAGES.

BREWSTER

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Message Attributes

Automatic Decaptioning: X
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Draft Date: 18 apr 1978
Decaption Date: 01 jan 1960
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